

ARTER & HADDEN^{LLP}

ATTORNEYS AT LAW

founded 1843

RECEIVED

Cleveland
Columbus
Dallas

1801 K Street, N.W. / Suite 400K
Washington, D.C. 20006-1301

202/775-7100 *telephone*

202/857-0172 *facsimile*

APR 14 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Irvine
Los Angeles
San Francisco

EX PARTE OR LATE FILED

Robert H. Jackson
Direct Dial: (202) 775-4498
E-mail Address: rjackson1@arterhadden.com

ex parte

April 14, 1998

Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20054

Re: CC Docket Nos. 92-237 Carrier Identification Codes

Dear Ms. Salas:

On April 14, 1998, Michael G. Hoffman, James U. Troup and the undersigned, on behalf of VarTec Telecom, Inc. ("VarTec"), met with Kent R. Nilsson, Kris A. Monteith, Renee Alexander and David O. Ward of the Common Carrier Bureau ("CCB"). We discussed VarTec's experiences with the conversion to four-digit carrier identification codes ("CICs"), as well as VarTec's concerns with the barriers to effective customer education that are being created by many incumbent local exchange carriers. The attached handout was left with the CCB staff members.

In addition, we showed the CCB staff members two customer mailings, which are part of VarTec's ongoing efforts to educate its customers about the change in dialing patterns associated with the conversion to four-digit CICs. We were requested to leave those mailings with the CCB staff. We do not have additional copies of those mailings to put into the record herewith. However, we will receive an additional copy of each shortly and will file the same with the Federal Communications Commission upon receipt.

No. of Copies rec'd 0+1
ABCODE

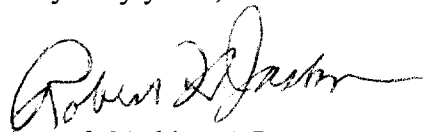
ARTER & HADDEN_{LLP}

Magalie Roman Salas, Secretary
April 14, 1998

Page 2

Please place a copy of this letter in the record in the above-captioned proceeding. Acknowledgment and date of receipt of this letter are requested. A duplicate letter is attached for this purpose.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert H. Jackson", written in a cursive style.

Arter & Hadden, L.L.P.
by Robert H. Jackson

Enclosure

cc: Kent R. Nilsson
Kris A. Monteith
Renee Alexander
David O. Ward
Michael Hoffman

137784

ILEC Barriers to Customer Education

CC Docket No. 92-237 -- Carrier Identification Codes

ex parte presentation

by

VarTec Telecom, Inc.

April 14, 1998

VarTec Telecom, Inc.

- ◆ VarTec is one of the largest dial-around carriers in the United States
 - 1997 Revenues -- \$840 million -- most of which came from dial-around services
 - VarTec has been in the dial around business since June 1991
 - VarTec offers customers a discounted, flat-rated price, per minute, for all calls
 - Most of VarTec's customers regularly use the 10811 carrier access code

VarTec's Customer Education Efforts

- ◆ The June 30, 1998, end of the five-digit carrier access code permissive dialing period requires customer education by all carriers
 - Similar to the introduction of a new area code, customers must be educated about the new carrier access code dialing pattern
 - » Customers must learn the correct dialing pattern
 - » Correct dialing must be reinforced, while incorrect dialing is discouraged
 - » The entire industry must use all reasonable media for education
- ◆ VarTec has pursued an aggressive customer education program to teach customers to dial 1010811
 - Including direct mail notifications and bill insert messages to current customers (when permitted)
 - Customer education began in October 1997
- ◆ If the ILEC impediments to customer education are removed soon, there will be no need to extend further the conversion to seven-digit carrier access codes

VarTec's Customer Education Efforts (cont'd)

- ◆ Despite VarTec's pre-conversion customer education efforts, VarTec expects that some customers will still dial the 10811 access code after June 30, 1998
 - These customers will not be able to complete their calls
 - Customers will be frustrated
 - VarTec will lose business
- ◆ It is not just VarTec's customers who use access codes
 - The goals of all carriers must be to help all customers to complete their calls using their carrier of choice & to educate customers as to the new seven-digit access codes

VarTec's Customer Education Efforts (cont'd)

- ◆ Both goals can be accomplished if:
 - All ILECs use the the standard intercept message that was mandated by the FCC's Order and developed by the industry through the ATIS consensus process -- ILECs must either comply with the FCC's order or receive a waiver
 - The standard intercept message is used in all ILEC offices
 - The standard intercept message is used without a SIT tone. SIT tones encourage customers to abandon the call
 - The standard intercept message is used for a minimum of six months
 - Interexchange carriers are allowed to include customer education material with their bills for service

ILEC Barriers to Successful Customer Education

- ◆ Several ILECs earlier stated their refusal to use the standard intercept message
- ◆ GTE is attempting to end the permissive dialing period before June 30
- ◆ SNET has chosen to “exempt” eight of its exchanges from receipt of the standard industry message
- ◆ GTE, Southwestern Bell and Pacific Bell will use the standard intercept message unless there are “resource or technical problems” in some unspecified end offices
- ◆ How many customers in areas served by Ameritech, Bell Atlantic, BellSouth and US WEST will fail to receive the standard intercept message due to “resource or technical problems”?
- ◆ Most ILECs plan to use a SIT tone even though research (MCI) shows that customers hang up when they hear a SIT tone, and, as Sprint concedes, use of a SIT tone is not a technical requirement
- ◆ Ameritech and US WEST have imposed a series of barriers to VarTec’s use of paid bill inserts to tell its customers to use the 1010811 carrier access code

ILEC Disregard for Customers Is Unacceptable

- ◆ Many ILECs have forgotten their responsibilities as common carriers and businesses affected by the public interest
 - A change in the the North American Numbering Plan affects all customers and all carriers must cooperate to educate customers about these changes
 - Even if ILECs face measurable competition, the presence of competition does not exempt common carriers from their duties to customers
 - ILEC refusal to deploy the standard intercept message universally is unconscionable
 - » In 1996, the RBOCs, GTE, Sprint (local) and SNET received more than \$97 billion in revenue from their customers
 - » Is it too much to ask these companies to spend the money necessary to help these same customers adapt to a major change in the North American Numbering Plan?
 - Use of SIT tones in the face of evidence that they cause customers to hang up before listening to the message is not in the public interest
 - Anti-competitive intent is shown by the repeated creation of RBOC “problems” with VarTec’s bill inserts concerning interLATA markets -- markets from which the RBOCs are barred by law

The FCC Should Promptly

- ◆ Release an order directing all Tier 1 ILECs to report in which end offices the standard intercept message will not be used as of June 30, 1998
- ◆ Issue a notice of apparent liability to each Tier 1 ILEC that reports that it will not be using the standard intercept message in all end offices by June 30, 1998
 - Every Tier 1 ILEC should be assessed a forfeiture in the amount of \$1000 per end office, per day, for every end office that does not use the standard intercept message each and every day beginning June 30, 1998, and ending on December 31, 1998
- ◆ Direct all ILECs not to use SIT tones in conjunction with the standard intercept message
- ◆ Investigate the anti-competitive nature of Ameritech and US WEST's creation of barriers to VarTec's ability to include, at VarTec's cost, educational messages in bill inserts, during any FCC consideration of Ameritech and US WEST Section 271 applications to provide interLATA services